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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/894,851	06/27/2001	Jay H. Shidler	EPR-PX	3728
7590		04/20/2006	EXAMINER	
Daniel H. Golub		LIVERSEDGE, JENNIFER L		
1701 Market Street		ART UNIT		
Philadelphia, PA 19103		PAPER NUMBER		
		3628		

DATE MAILED: 04/20/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

<b>Office Action Summary</b>	<b>Application No.</b> 09/894,851	<b>Applicant(s)</b> SHIDLER ET AL.	
	<b>Examiner</b> Jennifer Liversedge	<b>Art Unit</b> 3628	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 27 June 2001.
- 2a) ☐ This action is FINAL.                      2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 1-26 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-26 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☒ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 27 June 2001 is/are: a) ☒ accepted or b) ☐ objected to by the Examiner.  
     Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
     Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- \* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)  | 4) <input type="checkbox"/> Interview Summary (PTO-413)<br>Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)                                   | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152)             |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)<br>Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____  |

## **DETAILED ACTION**

### ***Specification***

The disclosure is objected to because of the following informalities:

Page 7, line 6 should reference "AAA" rather than "Aaa".

Item 17 on page 7, line 7 should be Item 16.

Item 15 on page 7, line 8 should be Item 17.

Page 17, line 9 should refer to "is" rather than "i".

Appropriate correction is required.

### ***Claim Rejections - 35 USC § 102***

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

Claim 26 is rejected under 35 U.S.C. 102(b) as being anticipated by U.S. Patent No. 5,704,045 to King et al. (further referred to as King).

King discloses a method of creating and pricing synthetic credit products performed on a computerized system (columns 9-11) comprising:

(a) assessing the capacity of a defined financial market to absorb defined credit products at a minimum level of default risk (column 9, lines 9-38; column 10, lines 1-18; column 11, lines 53-60);

(b) creating synthetic credit products on demand, including creating credit products matched to qualified reference entities based upon internal templates in accordance with the determined portfolio capacity (column 10, lines 50-55); and

(c) tracking financial, pricing, and interest rate data available from external sources, and determining the pricing of the created credit products consistent with the determined portfolio capacity (column 10, lines 19-41; column 11, lines 53-60).

***Claim Rejections - 35 USC § 103***

Claims 1-3 and 5-23 are rejected under 35 U.S.C. 103(a) as being unpatentable over U.S. Patent No. 5,704,045 to King et al. (further referred to as King).

Regarding claim 1, King discloses a computerized system for creating and pricing synthetic credit products (columns 9-11) comprising:

(a) a capacity creation module for assessing the capacity of a defined financial market to absorb defined credit products at a minimum level of default risk (column 9, lines 9-38; column 10, lines 1-18; column 11, lines 53-60);

(b) a product creation module for creating synthetic credit products on demand, including a product creation engine for creating credit products matched to the qualified reference entities based upon internal templates in accordance with the determined portfolio capacity of the capacity creation module (column 10, lines 50-55); and

(c) a pricing creation module which tracks financial, pricing, and interest rate data available from external sources, and determines the pricing of the credit products

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created by the product creation module (column 10, lines 19-41; column 11, lines 53-60).

King does not refer to modules but rather as sub-systems. However, the sub-systems as disclosed by King perform the steps as set forth in the claims. It would be obvious to one of ordinary skill in the art to use the terms sub-systems or modules, the motivation being simply word choice.

Regarding claim 2, King discloses a system further comprising an online trading system for receiving the created and priced products from the product creation and pricing creation modules and offering said products for transactions to customers connected to the online trading system (column 6, lines 14-17 and lines 64-67; column 9, lines 31-56; column 11, lines 39-55, Figure 1).

Regarding claims 3 and 22, King disclose a system wherein said pricing creation module uses internal algorithms for a number of price/demand curves, including minimum RAROC requirements (column 1, lines 47-51; column 6, lines 21-30; column 10, lines 1-40). King does not disclose market-driven interpolated asset swap curves, market-driven interpolated credit swap curves, equity-driven credit curve benchmarking, industry-specific credit curve benchmarking and dynamic credit-sensitive interest swap curves. However, the use of many price/demand curves is old and well known in the field of economics and it would be obvious to use multiple forms of economic curves. The motivation would be to generate information relative to pricing such that a decision

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regarding the acquisition or sale of risk could be made using the most pertinent data available per analysis choice and preference.

Regarding claims 5-6, King discloses a system for determining the creditworthiness and capital adequacy of entities that sell credit risk transfer products based on simulation of the expected loss of individual and a portfolio of credit risk transfer products (column 10, lines 8-18; column 12, lines 45-50).

Regarding claim 7, King discloses a system for determining the creditworthiness and capital adequacy of entities that sell credit risk transfer products based on a static expected loss cash flow model for a portfolio of credit risk transfer products (column 10, lines 8-18; column 12, lines 45-50).

Regarding claim 8, King discloses a system for determining the expected loss of the capital of an entity that sells credit risk transfer products based on a dynamic cash flow simulation model for a portfolio of credit risk transfer products (column 10, lines 1-29; column 11, lines 39-60; column 12, lines 40-56).

Regarding claim 9, King discloses a system for using reference entity filtering logic and database matching logic to create a portfolio of investment grade credit risk transfer products (column 6, lines 15-29; column 9, lines 46-56; column 10, lines 1-29).

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Regarding claim 10, King discloses a system for calculating capacity and updating availability by reference entity following transactions through feedback application of a portfolio constraints adjustment (column 6, lines 64-67; column 9, lines 9-38; column 10, lines 1-18; column 11, lines 49-60).

Regarding claims 11-21, King does not specifically disclose the use of credit default swaps to enhance or structure and price each of the instances listed in claims 11-21. However, King discloses a system for the creation and pricing of synthetic credit products, including swaps, for any type of risk. The types of investments and risks as cited in claims 11-21 are types of risk, and it would therefor be obvious to one of ordinary skill in the art to use a credit derivative product to offset the risk associated with each of the types of risk as cited. The motivation for using credit derivatives, of which a credit default swap is one, is to transfer risk associated with any known financial instrument.

Regarding claim 23, King discloses a system employing a dynamic asset swap term structure to credit swap term structure conversion process used in the pricing of credit default swaps and other credit risk transfer products (column 1, lines 31-41).

Claims 4 and 24-25 are rejected under 35 U.S.C. 103(a) as being unpatentable over King as applied to claim 1 above, and further in view of "Creditex Launches

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Emerging Markets Platform, Completes First Trade" in PR Newswire, June 12, 2000 (further referred to as Creditex).

Regarding claim 4, King discloses a system for the creation, distribution, execution and management and control of credit risk transfer products online over various intranet systems (column 6, lines 14-17 and lines 64-67; column 9, lines 31-56; column 11, lines 39-55, Figure 1). King does not disclose using the Internet. However, Creditex discloses using the Internet (page 1, lines 5-7 and page 2, lines 7-12). It would be obvious to one of ordinary skill in the art to combine the use of the Internet as disclosed by Creditex with the online system for pricing and creating credit products as disclosed by King. The motivation would be to use a well know, established, and commonly used medium for communication across parties involved in the process.

Regarding claims 24-25, King discloses a system used for the online creation, distribution and documentation of credit swaps and other credit risk transfer products (column 1, lines 30-41; column 9, line 9 – column 10, line 55). King does not disclose where the swaps are credit default swaps. However, Creditex discloses where the swaps are credit default swaps (page 1, lines 5-7 and page 2, lines 7-10). It would be obvious to one of ordinary skill in the art to combine the use of credit default swaps as disclosed by Creditex with the use of credit swaps as disclosed by King. The motivation would be to recognize and offer all types of credit swaps for meeting investors' demands.



**Conclusion**

Any inquiry concerning this communication should be directed to Jennifer Liversedge whose telephone number is 571-272-3167. The examiner can normally be reached on Monday – Friday, 8:30 – 5 PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Sam Sough can be reached at 571-272-6799. The fax number for the organization where the application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

Jennifer Liversedge

Examiner

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SUPERVISORY PATENT EXAMINER  
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